



# *2013 Budget Review*

## *CITY COUNCIL*

### **MINUTES October 13, 2012 9:00 AM**

#### **COUNCIL MEMBERS PRESENT:**

J. Waltman, F. Acosta, D. Reed, S. Marmarou, R. Corcoran, M. Goodman-Hinnershitz, D. Sterner

#### **OTHERS PRESENT:**

L. Kelleher, D. Cituk, C. Jones, M. Bembenick, C. Younger, C. Zale, C. Snyder, V. Spencer, E. Lloyd

Ms. Reed called the meeting to order at 9:04 am. She noted the passionate discussion that occurred at the Wednesday, October 10<sup>th</sup> session. She noted the need to refine today's discussion to the issues at hand. She asked that people wishing to ask questions or comment wait to be recognized and limit their comments to three minutes.

Ms. Snyder distributed a comparison showing 2012 and 2013 Legacy costs and changes to date for the budget. She stated that the sheet will be updated and redistributed regularly as these meetings continue.

Mr. Zale explained that the need to absorb the health insurance and pension increases really created the need for departments and offices to reduce their 2012 budgets by between seven and eight percent, as reductions to these line items is not permitted. The 2013 Legacy costs are:

<b>Area</b>	<b>Increase</b>	<b>Percentage</b>
Police	\$7.5M	59.5%
Fire	\$2.6M	20.2%
O & E	\$2.6M	20.3%

The group discussed the need for the State Legislators to change statutes that strap cities with these unmanageable legacy costs. Ms. Snyder noted that changes in the AFSCME contract that now permits the City to bring new employees on with a 401K type plan. She also noted

at a previous session that the City will not feel financial relief from a change to a 401K type plan for approximately 30 plus years.

Mr. Cituk stated that the pension costs include both retirees and current employees. He described the various smoothing applications that expired and leave the City exposed to higher pension costs in 2013.

Mr. Waltman suggested exploring the costs of running three separate pension boards, as all three retain the services of individual advisors, solicitors and actuaries.

Mr. Bembenick described the three different risk strategies employed by the three individual boards. He noted that the Police Pension takes more risk with investments and O&E is very conservative.

Ms. Snyder stated that she plans to meet with the AFSCME representatives about beginning the new 401K style plan very soon.

### **Public Works Budget**

The Public Works budget area of the binder was distributed. Mr. Jones stated that the Department for the first time since the late 1990's, revised their mission statement. He stated that Public Works plans, builds, maintains, and operates the public infrastructure in a manner that respects the environment and preservation.

Mr. Jones stated that Public Works has six components in two funding areas:

- Enterprise Fund – Sewer, Solid Waste, Utilities
- General Fund – Administration, Operations (including fleet, traffic, streets, parks and public maintenance), Engineering

Mr. Jones noted the drastic reductions, approximately 50%, to the Public Works staff over the last 16 years. He stated that these cuts have reduced the Public Works Departments ability to perform their basic maintenance tasks such as mowing and maintenance. He stated that the 2013 Budget reduces the part-time summer employees by 50% which will negatively impact the City's ability to cut grass in City parks.

Mr. Jones stated that Engineering formerly employed 12 people and has been reduced to two employees. This area will be moved over to the Wastewater Treatment Plant/Utility Enterprise area. He stated that street light maintenance has been moved to an outside contractor. He stated that this area of the budget has been reduced due to the great improvement made under this outsourced service.

Mr. Jones expressed the belief that Public Works cannot cut staffing any further. He noted the

cross training of employees to handle winter weather events. He described the shift of personnel to the Utility and Solid Waste areas so services like the collection of yard waste is covered by the Enterprise Fund. He stated that he continues to encourage businesses and residents to adopt median strips such as the median between Lancaster Avenue and Berks Catholic.

Mr. Jones stated that the approval of the Street Lighting assessment will relieve the General Fund and the Liquid Fuels Fund. He stated that Street Light Assessments are normally charged on the width of the frontage of properties in areas serviced by public street lighting. He stated that the charge to a row home with a 20' frontage at \$1.25 would be assessed at \$25 annually. He stated that the program assumes a 25 cent per foot charge and is budgeted at \$700,000.

Ms. Goodman-Hinnershitz inquired if Norfolk Southern and Charles Evans Cemetery would be charged. This issue requires research. Mr. Waltman suggested reviewing how the assessment is used in other municipalities. Ms. Snyder stated that she is gathering additional information and legal opinions.

Mr. Jones noted that Yeager Plumbing now owns the railroad property along North 6<sup>th</sup> Street between Spring and Bern Streets. Ms. Kelleher inquired if Yeager now pays property taxes. *(Note: after the meeting Ms. Kelleher checked the assessment records and found that Yeager does pay property tax for these two parcels. The large parcel that runs along the rail line is owned by Penna. Lines, which is related to Norfolk Southern and is an exempt utility).*

Mr. Sterner inquired about the amount of relief to the General Fund. Mr. Jones stated that the General Fund would save \$300,000. He stated that the new program would allow Liquid Fuels funding to pave streets.

Mr. Acosta inquired if this assessment would be charged to areas like Wyomissing Park, which has street lights that do not function. He also noted various areas of the City that have faulty wiring, burnt out bulbs, etc. Mr. Jones stated that all areas with street light poles will be changed. Mr. Acosta expressed the belief that charging in areas with faulty lighting is not realistic.

Mr. Younger stated that the Street Light Assessment is available to 3<sup>rd</sup> Class Cities and Townships. He stated that Townships have the ability to charge on a per footage basis or by creating a Water/Lighting charge based on the assessed value of a property. He noted that all revenue generated must be spent on the lighting function only.

Ms. Goodman-Hinnershitz inquired how the program will consider lights owned by Met Ed. Mr. Jones stated that the City pays for the electricity for Met Ed standards so they will be

included in the program.

Mr. Sterner inquired if the Street Light Assessment can be implemented in 2013. Ms. Snyder stated that it can be implemented and Mr. Jones stated that the application required perfection.

Ms. Reed called a five minute recess at approximately 10:25 am. The meeting reconvened at 10:32 am.

Ms. Reed inquired about the impact of the various lease agreements for facilities and parks. Ms. Goodman-Hinnershitz stated that an inventory has been completed. Some agreements affect the Rec Commission and some do not.

Ms. Reed inquired about agreements for the Fire Tower and the Greenhouse. Ms. Snyder stated that this issue must be researched. Ms. Goodman-Hinnershitz noted the need to also include Egleman's Park and the East Ends Club. Mr. Younger stated that Legal Specialist Thomas Coleman is handling this issue.

Mr. Acosta expressed the belief that the practices of some organizations are borderline illegal. He noted that many times these agreements affect the public's ability to access public space.

Ms. Goodman-Hinnershitz expressed concern that the reduction to part-time staff will reduce the Department's ability to adequately manage the 100 acres of City-owned park land.

Ms. Reed inquired about outside agencies using the City's Fleet services. Mr. Jones stated that the City Garage currently services vehicles for the DA's Office for \$40,000 annually. He stated that the Parking Authority stopped using the City Garage several years ago. He stated that the Garage performs minor work for DID and the Reading Phillies. Ms. Snyder stated that she will be discussing expanding fleet services to the County and Parking Authority.

Mr. Spencer noted the need to finalize the implementation of the Fleet Software and add a 2<sup>nd</sup> shift. He stated that Penske will be reviewing the City Garage operations and will be making recommendations for improvements. Mr. Jones stated that the Fleet Management program is in Hansen and staff are currently inputting data and working with IT to correct reporting glitches.

Mr. Waltman inquired about the impact of the reduction from the 2012 allocation. Mr. Jones stated that he is concerned about the reduction of part-time employees and that the other shifts and cuts are manageable except for the reduction in the gasoline line item, as the City cannot predict the cost of gas for 2013.

Ms. Goodman-Hinnershitz inquired if a bad winter would affect the Department's budget. Mr. Jones stated that a significant amount of salt was used during the last winter due to icy mornings. However, snow removal and resulting overtime are covered by Liquid Fuels. He noted that Liquid Fuels also covers a certain percentage of maintenance and replacement of Public Works vehicles.

Mr. Cituk inquired about the sale of surplus vehicles. Mr. Jones stated that Municibid auctions were used; however, due to the aged condition of the vehicles disposed of the City often gets a higher return when trading vehicles in.

### **Other**

Mr. Waltman inquired about any feedback from PFM. Ms. Snyder stated that she had conversations with PFM regarding the resolution adopted on October 8<sup>th</sup> regarding the EIT projection in the Recovery Plan. She stated that Mr. Mann is evaluating this projection and will report back. Ms. Snyder stated that she will follow up on Monday.

Ms. Snyder stated that the DCED frowns upon PFM representatives attending all budget review sessions, as the DCED expects the City to build its own balanced budget that PFM will review. Ms. Snyder suggested refining the budget schedule to include PFM representatives on occasion. Ms. Kelleher noted that budget minutes are sent to PFM.

Mr. Waltman expressed the belief that the budget is a byproduct of the Recovery Plan and the City's recovery from Act 47. He also noted the need to begin budget planning every January.

### **Budget Review Meetings**

The group decided to continue budget discussions on Monday, October 15<sup>th</sup> at 4:30 pm and Wednesday, October 10<sup>th</sup> at 4:30 pm. The Police Department will be reviewed on the 15<sup>th</sup> and the session will begin with an Executive Session on the Police Arbitration. The meeting adjourned at approximately 11:45 am.

*Respectfully submitted by  
Linda A. Kelleher CMC, City Clerk*